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MACQUARIE

MACQUARIE GROUP ANNUAL GENERAL MEETING AND FIRST QUARTER UPDATE

Key points:

- **Operating group's contribution[1] in 1Q13 ahead of subdued 1Q12 but down on 4Q12**
- **Annuity style businesses broadly flat on 1Q12**
- **Capital markets businesses continue to be impacted by weak market conditions, but up on subdued 1Q12 due to stronger performance by FICC**
- **Operating expenses down on 1Q12**
- **Harmonised Basel III Group capital of $A12.4 billion, $A3.5 billion in excess of minimum regulatory capital requirement**
- **Macquarie Bank Limited core equity tier 1 ratio of 11.7% as at 30 June 2012**
- **Funded balance sheet remains strong**
- **Buyback progressing with approximately $A120 million of Macquarie Group Limited shares bought back since commencement**
- **Continue to expect improved result for FY13 on FY12 provided market conditions for FY13 are not worse than FY12**

SYDNEY, 25 July 2012 – Macquarie Group (ASX: MQG; ADR: MQBKY) Managing Director and Chief Executive Officer, Nicholas Moore, said today that the operating group's contribution for the first quarter of the 2013 financial year (1Q13) was ahead of a subdued first quarter of the 2012 financial year (1Q12).

Speaking ahead of Macquarie's 2012 annual general meeting, Mr Moore said: "The 1Q13 contributions from Macquarie's annuity-style businesses were broadly flat on 1Q12. While capital markets businesses continue to be impacted by weak market conditions, when compared with the subdued prior corresponding period, the contributions from these businesses for 1Q13 were up on 1Q12 due to a stronger performance by Fixed Income, Currencies and Commodities (FICC).

Operating expenses were down on 1Q12 and while there were no significant one-off items during the quarter, high levels of cash continued to impact the Group's current earnings.

[1] All references to 'contribution' represent management accounting profit before unallocated costs, profit share and income tax

Macquarie remains very well capitalised with Harmonised Basel III Group capital of $A12.4 billion at 30 June 2012, a $A3.5 billion surplus in excess of Macquarie's minimum regulatory capital requirements. This surplus remains unchanged from 31 March 2012. The Group's buyback is progressing, with approximately $A120 million of Macquarie Group shares bought back since commencing the program.

The core equity Tier-1 capital ratio for Macquarie Bank was 11.7 per cent at 30 June 2012, from 12.2 per cent at 31 March 2012, following the payment of a dividend from Macquarie Bank to Macquarie Group.

First quarter business highlights

In commenting on the Group's start to the 2013 financial year (FY13), Mr Moore noted the following highlights:

- Macquarie Funds Group had A$323 billion in assets under management at 30 June 2012, this being broadly flat on 31 March 2012. The group announced key investments in the US, Russia, China and Germany. It continued the build-out of its global distribution platform, particularly in Asia and the US.

- Corporate and Asset Finance's group completed selective sales of aviation assets at attractive values, and experienced ongoing growth in its motor vehicle and equipment finance programs. It also saw the continued addition of portfolios in corporate and real estate lending across both new primary financings and secondary market acquisitions.

- Fixed Income, Currencies and Commodities established a business offering commodity index products to institutional clients globally and increased coverage of Latin American commodity products. While market conditions improved during the quarter compared to 1Q12, uncertainty remained, particularly in Europe.

- Macquarie Securities Group continued to experience challenging market conditions stemming from weak investor confidence due to European sovereign debt concerns, slowing US growth and the impact of China growth concerns. Consequently market volumes were down on the prior period and well down on 1Q12. Global ECM markets remained very subdued. If current market conditions persist for the remainder of FY13, Macquarie Securities is unlikely to be profitable for FY13. .

- Macquarie Capital completed 99 deals valued at $A19 billion, which in value terms was down 23 per cent on 1Q12. The group won a number of awards during the quarter for transactions including Cumulus Media's acquisition of Citadel Broadcasting, New Royal Adelaide Hospital and Muharraq STP.

Outlook- See "Cautionary Statement Regarding Forward-Looking Statements"

Mr Moore said: "Consistent with our statement at the 2012 full-year (FY12) result announcement on 27 April 2012, we continue to expect an improved result for the 2013 financial year (FY13) on FY12 provided market conditions for FY13 are not worse than FY12."

Mr Moore noted: "The FY13 result also remains subject to a range of other challenges including the cost of our continued conservative approach to funding and capital, regulation, including the potential for regulatory changes, increased competition in some markets, and the overall cost of funding."

Medium term

Mr Moore said: "Over the medium term, Macquarie remains well positioned to deliver superior performance. The Group has deep expertise in major markets and we continue to build on our strength in diversity and adapt our portfolio mix to changing market conditions. We are seeing the ongoing benefits of continued cost initiatives, our balance sheet is strong and conservative, and we have a proven risk management framework and culture."

Highlights from the address of Chairman, Kevin McCann

In providing an overview of FY12, Macquarie Group Chairman, Kevin McCann, said that a series of global issues severely impacted market conditions in the first half. These included: the US debt ceiling crisis between May and July; the US government credit rating downgrade in August; the European debt crisis; and concerns over slowing growth in China. While market activity remained somewhat subdued in the second half, there was some improvement in market sentiment, particularly after the European Central Bank's announcement of longer-term refinancing operations in August.

Mr McCann said: "As we indicated at our full year results, the year to 31 March 2012 saw substantially lower levels of client activity in many of our capital markets facing businesses caused by global economic uncertainty.

"This was partly offset by the ongoing growth of our annuity style businesses. These businesses, particularly Macquarie Funds Group and Corporate and Asset Finance Group, continued to deliver strong results reflecting the investment that has been made in these businesses over many years, as well as the benefits of recent acquisitions.

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Cautionary Statement Regarding Forward-Looking Statements

This release may contain, in addition to historical information, certain forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "expects", or "anticipates", or variations of such words and phrases or state that certain actions, events or results "would", or "will" be taken, occur or be achieved. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements of Macquarie to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements, including the risks described under “Risk Factors” in Macquarie’s Disclosure Report (U.S. Version) for its Fiscal Year ended March 31, 2012. Many of these risks and uncertainties relate to factors that are beyond Macquarie’s ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behavior of other market participants. Macquarie cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Macquarie is under no obligation, and disclaims any obligation, to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.